

## Message Text

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ACTION IO-13

INFO OCT-01 NEA-10 ISO-00 L-03 FRB-03 OMB-01 ITC-01 SP-02

USIA-06 AGR-05 AID-05 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00 CIEP-01

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 912

INFO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: EGEN, UNCTAD, IN

SUBJECT: INDIAN OFFICIALS COMMENT ON RESULTS OF UNACTAD IV

1. SUMMARY. EMBOFFS HAVE DISCUSSED UNCTAD IV WITH SENIOR COMMERCE MINISTRY OFFICIALS WHO LED INDIAN DELEGATION TO NAIROBI. THEY ARE CONSISTENTLY UPBEAT ABOUT OUTCOME OF CONFERENCE, CONVINCED THAT SIGNIFICANT HEADWAY WAS MADE IN WINNING DEVELOPED COUNTRY COMMITMENT TO INTEGRATED COMMODITY PROGRAM AND THAT PROGRESS IN OTHER AREAS WAS ADEQUATE. THEY ARE POSITIVELY INCLINED TOWARDS INTERNATIONAL RESOURCES BANK PROPOSAL AND FEEL DEFEAT OF GROUP B RESOLUTION WAS DUE TO MISHANDLING. END SUMMARY.

2. OVER PAST TWO WEEKS EMBOFFS HAVE MET INDIVIDUALLY WITH MINISTRY OF COMMERCE SECRETARY ALEXANDER, SENIOR POLICY ADVISER SEN GUPTA, AND JOINT SECRETARY SHUKLA TO REVIEW OUTCOME OF UNCTAD IV AND ITS IMPACT ON NORTH/SOUTH DIALOGUE. ALL OF THEM EXPRESSED GENERALLY POSITIVE VIEWS WITH REGARD TO ACTUAL RESULTS OF THE CONFERENCE AND SEEMED SATISFIED WITH MODERATE, CONCILIATORY COURSE IT TOOK. THEIR SOLE COMPLAINT WAS OVER DIFFICULTIES CAUSED IN NEGOTIATIONS BY INABILITY OF GROUP B COUNTRIES TO REACH AGREEMENT AMONG THEMSELVES. THEY DID NOT CRITICIZE SUBSTANCE OR STYLE OF

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GROUP B STANCE DURING ARDUOUS FINAL NEGOTIATIONS, AS EVIDENCED BY

REMARKS ON INDIVIDUAL ISSUES.

3. INTEGRATED COMMODITY PROGRAM: AS SEN GUPTA STATED, "NO ONE SHOULD HAVE EXPECTED AGREEMENT". PRINCIPAL POINT IN GOI VIEW IS THAT CRITICAL ELEMENTS OF PROGRAM WERE ACCEPTED: CONCEPT OF "INTEGRATED", CONCEPT OF LDC "TERMS OF TRADE", AND CONCEPT OF "NEGOTIATION" OF COMMON FUND. THEY BELIEVE THE US AND OTHER HARD-LINERS IN GROUP B, HAVING ACCEPTED THE INTEGRATED PROGRAM, ARE "IMPLICITLY COMMITTED" TO THE COMMON FUND AND WILL IN FACT EVENTUALLY COME AROUND TO SUPPORTING AND PARTICIPATING IN IT. ALEXANDER SPECIFICALLY RECOGNIZED THAT DC SUPPORT FOR COMMON FUND WOULD HAVE TO FLOW FROM WORK ON INDIVIDUAL COMMODITIES.

4. ALEXANDER COMMENTED FRANKLY THAT INTEGRATED PROGRAM WAS, AFTER ALL

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NOT RPT NOT, OF MAJOR INTEREST TO INDIA. FIRST, HE NOTED THAT MAJORITY OF INDIAN EXPORTS QUALIFIED AS MANUFACTURES. SECOND, COMMODITIES INDIA MOST INTERESTED IN ARE NOT SUSCEPTIBLE TO BUFFER STOCKING: TEA AND JUTE. THUS HE CONSIDERED MAJOR ACHIEVEMENT OF INDIA IN TERMS OF OWN INTEREST WAS INCLUSION IN RESOLUTION OF LANGUAGE CALLING FOR OTHER MEASURES TO BE ADOPTED FOR THOSE COMMODITIES FOR WHICH STOCKING NOT APPROPRIATE. IN PRESS INTERVIEW, HE MENTIONED THIS AND LANGUAGE CONCERNING PROTECTION OF INTERESTS OF IMPORTING DEVELOPING COUNTRIES AS IMPORTANT FEATURES OF RESOLUTION.

5. SEN GUPTA EXPRESSED SATISFACTION THAT INDEXATION HAD BEEN DROPPED, NOTING THE TECHNICAL IMPOSSIBILITY OF IMPLEMENTING IT.

6. INTERNATIONAL RESOURCES BANK: ALL THREE OFFICIALS COMMENTED THAT TIMING OF GROUP B MOVE TO ADOPT CONFERENCE RESOLUTION ON IRB MADE G-77 SUPPORT IMPOSSIBLE. ALEXANDER SAID THAT SOME MEMBERS OF G-77 ARGUED THAT IRB WAS BEING PRESENTED AS ALTERNATIVE TO COMMON FUND. GOI UNDERSTOOD CLEARLY THE DIFFERENCE BETWEEN DEVICE FOR PROMOTING INVESTMENT AND PRODUCTION AND ONE FOR STABILIZING MARKETS AND PRICES, HE SAID, BUT IN THE ABSENCE OF SUBSTANTIVE DETAIL WITH REGARD TO PROPOSAL, GOI WAS AT A LOSS TO COUNTER OPPOSITION WITHIN THE GROUP. SEN GUPTA NOTED THAT MOST OF TOP OFFICIALS OF LDC DEPARTMENTS LEFT NAIROBI BEFORE FINAL SESSION BEGAN. SHUKLA THOUGHT THERE WAS NO CONNECTION BETWEEN LDC RELUCTANCE TO TAKE A POSITION ON PROPOSAL AND SITUATION WITH REGARD TO US RESERVATIONS ON INTERNATIONAL OFFICIAL USE

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INTEGRATED COMMODITY PROGRAM RESOLUTION. ALL EVINCED INTEREST IN FURTHER CONSIDERATION OF PROPOSAL (SEE NEW DELHI 9630).

7. LDC DEBT BURDEN: ALEXANDER TOOK POSITION IN PRESS INTERVIEW THAT DEBT RESOLUTION WAS WEAK AND DILUTED, ALTHOUGH HE RECOGNIZED SPECIAL CONCERNS OF MOST SERIOUSLY AFFECTED (INCLUDING INDIA) AND LEAST DEVELOPED; SHUKLA ECHOED THESE VIEWS. IN PRIVATE MEETING, HOWEVER, ALEXANDER SAID DEBT RESOLUTION WAS "NOT BAD FROM OUR

POINT OF VIEW". HE NOTED FIRST THAT INDIA DID NOT WANT ANY INTER-FERENCE IN TERMS OF COMMERCIAL DEBT (INDIA EXTENDS COMMERCIAL CREDIT ON EXPORTS TO OTHER LDC'S, HE COMMENTED). SECOND, HE SAID THAT INDIA'S DEBT SERVICING PROBLEM HAD BEEN BROUGHT UNDER CONTROL -- IT IS UNDER THE 20 PERCENT LINE -- AND IS EXPECTED TO REMAIN MANAGEABLE. THIRD, INDIA WISHED TO SEE DEBT RESCHEDULING HANDLED ON A BILATERAL BASIS. LASTLY, INDIA HAD USED ITS LOAN FUNDS WISELY AND EXERCISED CARE IN MANAGING ITS DEBT, WHILE OTHER DEVELOPING COUNTRIES HAD NOT. SWEEPING DEBT RESCHEDULING WOULD BENEFIT THE MORE FOOLHARDY. HE SAID GOI DELEGATION HAD NOT TAKEN A PROMINENT POSITION ON THIS ISSUE AT NAIROBI BECAUSE IT DID NOT WANT OTHER G-77 DELEGATES TO ACCUSE IT OF BREAKING GROUP LOYALTY.

8. TRANSFER OF TECHNOLOGY: SHUKLA FELT THAT RESULTS IN THIS AREA WERE QUITE GOOD. AS REGARDS QUESTION OF LEGAL STATUS OF PROPOSED CODE OF CONDUCT, HE DENIED THAT GROUP OF 77 WAS COMMITTED TO DRAWING UP DOCUMENT THAT WOULD BE LEGALLY BINDING IN ITS TOTALITY. RATHER HE LOOKED FORWARD TO PROCESS IN WHICH TEXT ELABORATED THROUGH NEGOTIATION AND COMPROMISE WOULD CONTAIN HARTATORY PROVISIONS AS WELL AS SOME ELEMENT OF STRONGER COMMITMENT.  
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